



How to Write a Business Plan

What do you want to accomplish in 2007?

What do you want out of your dentistry, out of your dental business, or out of your personal life?

Do you have defined goals for 2007?

How are you going to achieve your goals?

A treatment plan is to a dentist what a business plan is to a business owner. You are dentists and business owners, and it is time for you to write a business plan. The goal of this article is to provide the constructs of what goes into a business plan.

Five key elements to your business plan are:

- Mission:** Everything starts with you—what you want and what you stand for
- Systems:** Recall, patient financing, accounts receivable
- Strategies:** Management style, team motivation, and case acceptance
- Team:** Evaluating personnel, needs assessment, team cohesiveness
- Model:** Current model, facility, technology, and future model

Mission

Everything starts with you.

- **Leadership:** What is your leadership style? (Delegator, micromanager, abdicator, lead by fear, lead by example)?
- Leadership is not management and management is not leadership:

Leaders

- ◆ Lead people
- ◆ Hold themselves accountable
- ◆ Do the right things right
- ◆ Empower through responsibility

Managers

- ◆ Manage things
- ◆ Hold others accountable
- ◆ Do things right
- ◆ Control

“Failing organizations are usually overmanaged and underled.”

Warren G. Bennis

- **DWYSYWD:** Do what you say you will do.
- **Personal mission statement:** Your compass, your values, what you want to stand for. The “3 P’s”—make a *Promise* to maintain your *Position*, no matter what the *Price*.
- **Office mission statement:** What you want your dental business to stand for. What is your purpose, positioning, and promise to your patients and the public?

Systems

Business systems are critical to create and maintain a high level of quality, consistency, and efficiency.

• **Recall.** What is the strongest part of a tree? The answer is the roots. Your recall system should be the foundation (roots) of your dental business. Are you pre-appointing? How are you making room for new patient visits? Which patients are you not ever reaching? What methods have been most successful and least successful with your current patient base?

• **Tracking Delayed or Pending Treatment.** The average amount of treatment sitting in our clients’ charts that has not been scheduled or completed equals \$1.248 million. What does your delayed and pending treatment portfolio look like? What is holding your patients back? What are you doing to get your patients to accept your treatment recommendations?

• **Flexible Financial Options.** People (patients) have been conditioned to make purchases based on monthly payments (mortgages, automobiles, college education, big-ticket consumer goods, etc). If your patients perceive value and want something desperately enough, they will find a way to fit it into their budget. Make it easy for your patients to afford your recommended treatment by presenting them with simple payment options that fit their respective needs.

• **Collection Follow-up.** What about your accounts receivable that are delinquent for more than 90 days and are already on the books? There has to be a plan, a system, followed by accountability with each patient to collect what is owed to your business. If a patient is past due on his/her account, but in need of a cleaning or other work, schedule them first and then discuss collections when they arrive. It is much easier to discuss a sensitive topic face to face.

Strategies

• **Management Style.** Time, a checkbook, inventory, costs, training, etc. These items need to be managed. It is preferable to lead first, but sometimes people need managing as well. Accountability is the key to managerial success. Tasks need to be clearly delineated, due dates should be attached, and there should be consistent follow-up. No follow-up equals no accountability, thus, you are left feeling like you have to do everything yourself, and you can’t. Based on your experience and knowledge of your individual team members, you will know when to delegate, to whom, and what the expected outcome will be.

• **Motivation.** What do employees want most from you? It isn't money. They want to be heard, to have a voice within your dental business. Every team member should have a voice, but not always a vote—ultimately, decisions are your responsibility as owner of the business. Make a commitment to spend individual time with every team member. Provide a safe, trusting environment, ask questions regarding their perception of the business and, above all, listen. Delegation/empowerment—use the 80/20 rule; if an employee can perform a task to 80% of your standard, the task should be immediately delegated. You can coach them for the remaining 20%.

• **Case Acceptance.** Questions are the answers. How well do you listen to your patients? For every 2 statements you make to a patient, ask at least 1 question. Everyone likes to feel that they are being listened to and every patient is different (personality, experiences, financial status, etc). It is your job to establish a connection. You have to be flexible to your patients' subjective needs as you strive to get them to take ownership of their oral

health. Do you use technology (cameras, digital radiography)? Many people connect visually, not audibly when they are forced to trust your expertise. Show them what you see as the problem, and educate them on how you plan to fix it for them.

• **Meetings/communication.** Communication is critical to your business' success. How you communicate, what you communicate, how often you communicate, and how consistent you communicate are important. There is a common misconception that, "I can't have a meeting during production hours; it is not profitable." This is absolutely not true. In fact, taking the time to have a productive meeting (that means there is an agenda that is followed) will enable the business to produce and collect more. How do you put gas in a moving car? You don't. So, take the time to stop, refuel, and move forward.

• **Marketing.** What you do, or do not do now, will affect your business in the future. Start with internal marketing by developing the ultimate patient experience. Position your dental business in the market as you want



it to be perceived (high tech, cosmetic, spa dentistry). Implement the proper systems to ensure consistent quality, and staff your business to meet your goals. After your business is operating effectively and efficiently, you can increase your external marketing plan. There are many external marketing tactics to choose from (Web sites, direct mail, advertisements, promotions, etc). Create a marketing budget, choose the marketing plan that best fits your plan, execute it, and measure its success. Marketing should be viewed as an investment, not simply as an expense; therefore, you should expect a return on your investment.

Team

- **Evaluation of Current Team.** Do you have the right people on the bus? Are they in the right seats? The best business leaders know the strengths and weaknesses of their team members. Coach your team. Encourage your team. Empower your team through training, knowledge, and added responsibility. Coaching and communication should be a daily occurrence. Formal reviews should be administered yearly. Include yourself in the review process.

- **Needs Assessment.** Are you staffed for growth? How many patients do you want to serve? Do you need additional hygienists, administrative staff, or clinical team members to reach your goal? It's difficult to know how to properly staff your business if you aren't sure where you are going.

- **Cohesiveness of Team.** Is team chemistry good? How do you make it great? Hire the right people to fit the team's culture. Use the rule of 3: interview at least 3 candidates for every position. Interview each candidate at least 3 times in 3 different settings, and have 3 different key team members (including you) interview each candidate. Make sure to check references, and

remember your people are your most valuable asset.

Model

- **Current Model.** The X's and O's of your dental business. Analyzing the past 12 months, answer the following questions about your business:

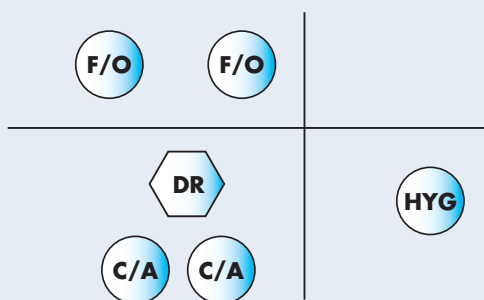
- ◆ What is your total production? Break out hygiene and operative.
- ◆ How many days is your business open?
- ◆ How many treatment rooms are currently being used?
- ◆ How many hygiene days are scheduled? What percentage is collected monthly?
- ◆ How many active patients have been in the practice within the past 18 months?
- ◆ How many new patients are entering the practice monthly?

Current Business Model Example

Total Production: \$86,973/mo
\$5,116/day (17 days)

Operating Production: \$69,737/mo
\$4,102/day (17 days)

Hygiene Production: \$17,236/mo
\$1,034/day (16 days)



Staff Salaries: \$14,654/mo
16% of Collections

Assumptions:

2,018 Active Patients
5 Rooms

20 New Patients per Month

100% Full-fee Patients

\$89,638 Collections (103% of Production)

- ◆ What percentage of collections is devoted to staff salaries?
- ◆ Does the business enroll in reduced-fee plans with any insurance companies?
- **Proposed Model.** Start with a hygiene days exercise. Does the number of hygiene days scheduled correspond with the number of patients enrolled in your hygiene department? Ideally, you will want to add hygiene days to accommodate the existing active patient base. What is the hygiene department producing daily? Multiply the increased hygiene days total by the daily production. In a 3-year business plan, increased production on the operative side should take into consideration an increase in fees for service and the extra examinations generated from the increase in hygiene days. Generally, this will result in increased

productivity by \$500 to \$1,000 per day on the operative side. Multiply operative production by days worked. Add the operative and the hygiene production together. Is this a workable plan? How will it impact your desired quality of life? Is it possible to work less days and produce or collect the same amount in the current model, or more? Multiply the average number of new patients you are seeing by the parameters of the business plan; in this case, multiply by 36. Make sure that you take attrition into account. Determine the percentage collected at the new production level. Determine the percent of salaries to overhead based on collections. Dedicate at least 5% to 10% of collections toward marketing if you have an aggressive growth plan. What about your facility? When you reach your proposed growth, will you be

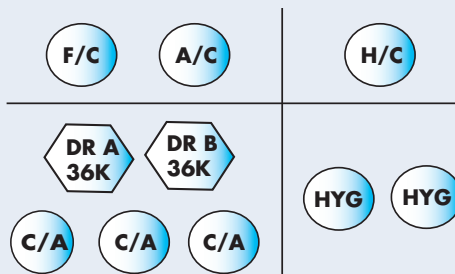
limited by space? Time and time again, dentists tell us that they did not build large enough and are running out of room. Factor the costs of a new facility into your plan if applicable. What about technology investments? Factor in the costs of any technology investments you plan on making over the next 3 years.

Creating a business plan is the first step to achieving your business goals. **Your plan + your action + you and your team's accountability = your formula for success.** Good luck!

Proposed Business Model Example

Total Production: \$135,000/mo
\$6,750/day (20 days)

Operating Production: \$101,000/mo \$5,050/day (20 days) Hygiene Production: \$34,000/mo \$1,062/day (32 days)



Staff Salaries: \$28,200/mo
22% of Collections

Assumptions:
3,000 Active Patients
5 Rooms
25 New Patients per Month
100% Full-fee Patients
6% Marketing
\$128,250 Collections
(95% of Production)

Associate's Salary = \$12,000
Total Staff Salaries = \$40,200
31% of Collections